(b) if so, what are the details thereof; and

(c) what action Government have taken against the persons involved therein and whether the connivance of Customs Officials has also been established?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) Yes, Sir. A case of attempted export related fraud has been detected in Air Cargo Unit of Delhi Customs wherein an exporter had misdeclared the true nature as well as value of the goods to get away with unwarranted benefits estimated at Rs. 8 crore.

(c) Roles of one Preventive Officer and one Supdt. of Customs working on export side who had handled the export documents are under investigation. Both the officers have been placed under suspension. Further investigation is in progress to unearth the detailed *nwdus-operandi* and persons associated with this fraud. One person suspected of involvement in the case has been arrested so far and was remanded to judicial custody on 16.7.2001. Role of other persons involved is also being examined and further investigations in the case are in progress.

Rate of interest on deposits of senior citizens

1780. SHRI NANA DESHMUKH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that senior citizens who invest their money in bank deposits would now earn a higher interest;

(b) whether it is also a fact that the banks have been given the right to decide the rate they will offer to the senior citizens;

(c) if so, what are the reasons for banks discretion and departing from the well established practice about the rate of interest; and

(d) whether it would create competition even among the nationalised banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Yes, Sir. Reserve Bank of India (RBI) have permitted banks to formulate fixed deposit schemes specifically

for senior citizens offering higher and fixed rates of interest as compared to normal deposits of any size.

(c) RBI have been consistently deregulating interest rates on deposits of banks since April, 1992. Effective October 22, 1997, commercial banks have been given full freedom to fix their own interest rates on all types of fixed deposits for various maturities.

(d) Permitting banks to offer higher interest rates on fixed deposits of Senior Citizens would not lead to unhealthy competition, as the interest rates would be transparent. Further, while fixing such higher interest rates, the bank would take into consideration other important factors such as the cost of funds and its impact on profitability etc.

Service tax from photographers

1781. SHRIN.K. PREMACHANDRAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have initiated steps to impose 5% service tax on the annual income of photographers;

(b) if so, the details thereof;

(c) whether imposition of 5% service tax on photographers would cause much hardships to the self-employed photographers meeting their livelihood out of this self developed profession;

(d) whether Government have received any representation seeking cancellation of service tax on photographers; and

(e) if so, Government reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) The Government have imposed service tax at 5% on photography services with effect from the 16th July, 2001. The tax applies on the gross amount charged by the photography studio or agency from the customer for rendering the service but excluding the cost of unexposed photographic film, if any sold to the customer.

(c) to (e) Government had received representations that imposition of 5% tax on photography would cause hardship to self-employed photographers